



STATE OF WASHINGTON

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OLYMPIA, June 16, 2005 --- The strength in real estate and construction continues to exceed our expectations. Construction related forecast changes again account for most of the forecast revision. In addition, newly available employment data show that Washington job growth has been stronger in recent months than previously believed. As a result of these factors, the revenue forecast revision in June, excluding non-economic changes, is an increase of \$450.1 million.

The June 2005 General Fund-State revenue estimate for the 2003-05 biennium is \$23,546.7 million and the forecast for the 2005-07 biennium is \$25,384.8 million. The total forecast revision for the two biennia is \$815.3 million of which \$365.2 million is due to legislation and other non-economic changes. Excluding these non-economic changes, the forecast is \$450.1 million higher than expected in March of which collection experience, excluding special factors, accounts for \$44.8 million.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 2003-05 and 2005-07 biennia. The forecast based on more optimistic economic assumptions netted \$58 million (0.2 percent) more revenue in the current biennium and \$1,080 million (4.3 percent) more revenue in the next biennium than did the baseline while the pessimistic alternative was \$63 million (0.3 percent) lower this biennium and \$931 million (3.7 percent) lower next biennium. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded \$4 million (0.0 percent) more revenue this biennium and \$45 million (0.2 percent) less revenue next biennium than did the baseline forecast.

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